

COMMONWEALTH OF PUERTO RICO
TELECOMMUNICATIONS REGULATORY BOARD OF PUERTO RICO

In the Matter of:

CASE NO. JRT-2001-SU-0001

PUERTO RICO UNIVERSAL SERVICE
FUND

RESOLUTION AND ORDER ON RECONSIDERATION

I. Introduction

On August 15, 2001, the Board adopted a Resolution and Order ("Order" or "August 15th Order"), notified on August 30, 2001, that established the collection of monies for the Universal Service Fund of Puerto Rico. The purpose of the Universal Service Fund is to provide quality telecommunication services to all segments of the population and in all geographic areas of Puerto Rico. The Order set a provisional contribution factor of 0.5 percent of telecommunications carriers' intra-island income.

On September 19, 2001, the Puerto Rico Telephone Company, Inc. and Celulares Telefónica, Inc. (collectively, "PRTC") filed a motion to reconsider the Order. On the same date, Telefónica Larga Distancia de Puerto Rico, Inc. and Newcomm Wireless Services, Inc. d/b/a Movistar (collectively "TLD") also filed a motion to reconsider the Order. This latter motion was denied by the Board on September 28, 2001, due to the petitioners' failure to comply with the Board's notification requirement. On October 16, 2001, TLD filed a motion for reconsideration from said order.

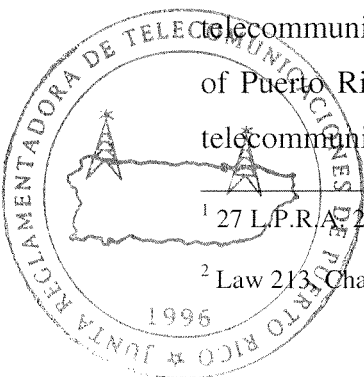
The Board hereby grants in part PRTC's motion to reconsider the Order. After careful review of all the arguments presented, the Board amends its original determinations. As set forth below, the Board amends the Universal Service contribution established in the Order. The schedule amended requires the payment of 0.5 percent of intra-island revenues for the first three months of the fiscal year and the payment of 0.12 percent of intra-island revenues thereafter. The present order explains in detail the basis for this assessment and addresses the objections raised by PRTC and TLD in their respective motions to reconsider.

II. Background

The Puerto Rico Telecommunications Act of 1996 (Law 213)¹ mandates the Board to promote, through specific and sufficient support mechanisms, the availability of basic telecommunications services for the diverse segments of the citizenry and geographic areas of Puerto Rico.² Law 213 specifically provided that the Board should set the amount that telecommunications companies be required to contribute to fund universal service programs

¹ 27 L.P.R.A. 265 et seq.

² Law 213, Chapter III, Section 6(a)(1).



through the establishment of universal service procedures.³ The Board was given the option, if after 180 days from the constitution of the Board it had not fixed a contribution rate, of setting a provisional contribution rate.⁴ If the Board chose to set a provisional rate, it would then have 90 days thereafter to fix the contribution rate through a final, binding and unappealable decision.⁵

On December 23, 1997, a Resolution and Order was issued in which the Board determined not to implement the Universal Service fund at that time. The determination was based on the written testimony of the majority of the telecommunications companies that argued that: (1) PRTC, at that time, was the only company that was incurring expenses that were potentially reimbursable from any universal services fund that would be established by the Board; (2). However, at the time, PRTC was receiving 100 percent reimbursement from the Federal Universal Service Fund. Accordingly, there was no need to assess contributions for the Universal Services Fund of Puerto Rico.

Pursuant to Law 213, the Board issued the Universal Service Regulations ("Regulation"). The Regulation established that Universal Service will include telecommunications relay services ("TRS").⁶ In the summer of 2000, representatives of PRTC met with the members of the Board, and advised the Board that they would stop paying for TRS as of July 2000. On July 26, 2000, the Board issued a Resolution and Order stating that PRTC would have the right to seek reimbursement for TRS it rendered from July 16, 2000 on. Nevertheless, the Board stated that they could not seek such reimbursement until the Universal Service Fund had been sufficiently funded to permit it. PRTC continued to provide and pay for TRS through August 29, 2001. As of that date, Sprint Communications Company, which was awarded the TRS contract through a competitive bid process, began providing TRS in Puerto Rico. PRTC has certified to the Board that they have not received any federal reimbursement, or reimbursement from any other source for the provision of these services.

A. The Resolution and Order issued on August 15, 2001

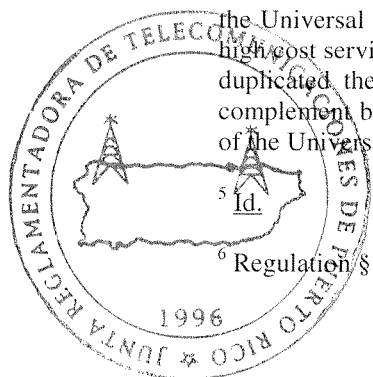
The August 2001 Order established a provisional contribution factor. The Board had not activated the Fund since no subsequent events, to the December 23, 1997 determination,

³ Id. at 6(c).

⁴ Id. at 6(c)(6). The terms establish in this section (the 180 days and the 90 days terms) are directive and not jurisdictional, hence the establishment of the contribution factor pass the period stated in the Article does not violate or infringe the Puerto Rico Telecommunications Act. As stated above, the Board refrain from activating the Universal Service Fund because PRTC was receiving from federal funds the amounts it needed to provide high cost services. All monies that could had been collected through the implementation of the fund, would had duplicated the amount PRTC needed for high cost services. Article III-6 (a)(3) states: "that Board shall complement but not duplicate the support mechanisms established at federal level", hence, the implementation of the Universal Service Fund at that time would have violated this clause.

⁵ Id.

⁶ Regulation § 5.1.



had occurred that required the Board to revisit its initial conclusion that no funding was needed. However, as noted above, PRTC began providing TRS in July 2000 and provided that service through August 2001. Thus, at the time of the Board's Order, PRTC had been providing TRS for one year and had not yet received reimbursement for these services. Moreover, Sprint was about to commence providing TRS and there were no monies in the Universal Service Fund to pay Sprint for the service. In 2001, the Board was able to order the funding of the Puerto Rico Universal Service program after complying with all procedures required for the opening of the Universal Service Fund account in the Puerto Rico Development Bank, among others.

The Order set a provisional contribution rate of 0.5 percent of intra-island income. The purpose of this provisional rate was to allow the payment for TRS as soon as feasible. The Board ordered that Sprint be paid for services provided, beginning August 30, 2001 and that the debt to PRTC for services rendered since July 2000 be amortized.

B. Motions for Reconsideration

In their respective motions to reconsider, PRTC and TLD raised objections to the Order. The basis for their objections are as follows: 1) the Board failed to detail how the 0.5 percent provisional figure was calculated;⁷ 2) the Board lacks authority to establish or modify a provisional contribution rate more than 90 days from when the original provisional rate was set;⁸ 3) to the extent that the Board intended to modify the Regulation, it failed to meet notice and comment requirements;⁹ 4) to the extent that the Board's action constituted an adjudication, the Parties had not been given an opportunity to be heard;¹⁰ 5) the Board failed to follow the Regulation governing the methodology for calculating the contribution amount;¹¹ 6) the Board ordered that Sprint be paid for services commencing in August 2001 before PRTC is paid for all of the services it has rendered to date;¹² 7) the Board has not indicated whether PRTC has complied with the Board's July 26, 2000 Resolution and Order and therefore is eligible for reimbursement;¹³ and 8) an incorrect provisional contribution figure could cause carriers substantial harm by requiring payments that may ultimately not have been warranted.¹⁴

After careful consideration of the motions, laws and rules applicable to this case, the Board hereby reconsiders its Order as set forth, the annual contribution rate hereby

⁷ PRTC Motion at 5; TLD Motion at 3-5, 7

⁸ PRTC Motion at 4-5 n. 8. Since the 90 day term is directive and not jurisdictional the Board is not precluded from acting after the 90 day deadline as pass.

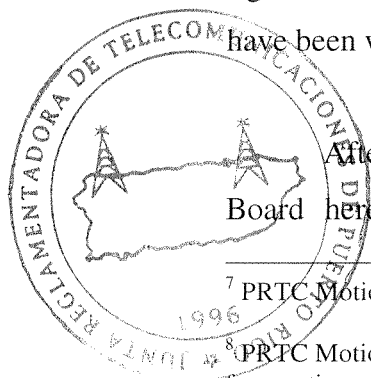
⁹ PRTC Motion at 6

¹⁰ PRTC Motion at 7

¹¹ PRTC Motion at 8-9; TLD Motion at 2-3

¹² PRTC Motion at 9

¹³ TLD Motion at 5-6



established will be 0.5 percent for the first three months of the fiscal year and 0.12 percent thereafter. All contributions due as of the date of this Resolution and Order on Reconsideration are to be paid no later than 30 days from the issuance of this Resolution and Order on Reconsideration. Thereafter, monthly payments pursuant to the annual contribution schedule are to be made each month according to the Puerto Rico Universal Service Fund Administrator's instructions.

As a result of the analysis of all the evidence, arguments and documents on record, the Board makes the following Findings of Fact.

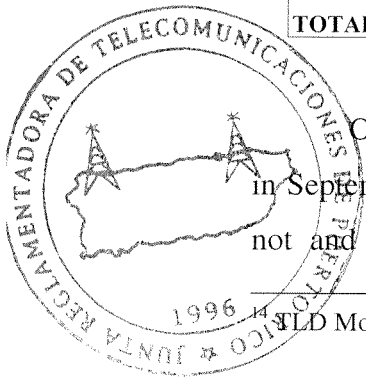
III. Findings of Fact

PRTC used an outside vendor, AT&T, to provide TRS. PRTC was invoiced by AT&T for these services, and provided copies of the invoices to the Board. Furthermore, PRTC has not received federal revenues from federal universal service fund for the rendering of these services and it has certified to the Board that it has not received, and will not receive, any federal reimbursement for these services. Accordingly, PRTC is entitled to receive reimbursement from the Puerto Rico Universal Service Fund for 100 percent of the AT&T invoices.

PRTC's cost to provide TRS for the period of July 16, 2000 through August 29, 2001 amounts to \$1,274,065.71. PRTC's invoices for the qualifying service period are detailed as follows:

Invoice Date	Service Date	Provider	Invoice Number	PRTC Amount	PRCC Amount	Total Invoice Amounts
Aug-00	Jul-00	PRTC / AT&T	Rejected. Service was prior to July 16, 2000			
Sep-00	Jul-00	PRTC / AT&T	Rejected. Service was prior to July 16, 2000			
May-01	Jul-00 (part)	PRTC / AT&T	538759, 61	\$ 38,887.28	\$ 6,367.54	\$ 45,254.82
Oct-00	Aug-00	PRTC / AT&T	527520, 22	\$ 84,990.38	\$ 10,816.31	\$ 95,806.69
Nov-00	Sep-00	PRTC / AT&T	529561-62	\$ 76,946.33	\$ 6,421.69	\$ 83,368.02
Dec-00	Oct-00	PRTC / AT&T	529576-77	\$ 78,823.62	\$ 6,538.76	\$ 85,362.38
Jan-01	Nov-00	PRTC / AT&T	531513-14	\$ 78,753.22	\$ 9,641.29	\$ 88,394.51
Feb-01	Dec-00	PRTC / AT&T	535041-42	\$ 95,097.79	\$ 10,784.20	\$ 105,881.99
Mar-01	Jan-01	PRTC / AT&T	536787-88	\$ 12,217.47	\$ 85,562.00	\$ 97,779.47
Apr-01	Feb-01	PRTC / AT&T	538636-37	\$ 76,290.86	\$ 9,644.70	\$ 85,935.56
May-01	Mar-01	PRTC / AT&T	538760, 62	\$ 93,976.91	\$ 6,672.88	\$ 100,649.79
Jun-01	Apr-01	PRTC / AT&T	540265-66	\$ 94,246.22	\$ 9,029.76	\$ 103,275.98
Jul-01	May-01	PRTC / AT&T	540649-50	\$ 96,149.50	\$11,606.33	\$107,755.83
Aug-01	Jun-01	PRTC / AT&T	540927-28	\$ 84,435.59	\$ 9,251.74	\$ 93,687.33
Sep-01	Jul-01	PRTC / AT&T	541104-05	\$ 87,547.77	\$ 9,383.15	\$ 96,930.92
Oct-01	Aug-01	PRTC / AT&T	541728-29	\$ 74,882.71	\$ 9,099.71	\$ 83,982.42
TOTAL						\$ 1,274,065.71

On October 1, 2001, Sprint submitted its first invoice (No. 901451) for TRS rendered in September 2001. This invoice was for \$49,379.00. Sprint, likewise, certified that it has not and will not receive federal revenue associated with the provision of this service.



Accordingly, Sprint is entitled to 100 percent reimbursement from the Puerto Rico Universal Service Fund. The total amount of funds needed to reimburse carriers for the provision of TRS services already invoiced is: \$1,323,444.71.¹⁵

In light of the previous Findings of Fact, the Board provides the following Conclusions of Law.

IV. Conclusions of Law

The applicable law in this case is Chapter III, Section 6 of Law 213, specifically but not limited to the present controversy Section 6 (c)(10) states:

- (10) The Board shall review the amount of the obligation that each telecommunications company has with the universal service fund, annually, and when fixing it, shall take into consideration the recommendations, if any, of the administrator. The decisions that the Board adopts to such effects shall be based on two principal factors:
- (i) the public interest in extending and maintaining a modern telecommunications system available to all the geographic and social sectors of Puerto Rico and
 - (ii) the need to ensure that the criteria used to establish the contribution of the companies to the Fund are viable and are uniformly and equitable, applicable, and are not arbitrary or discriminatory.

Furthermore, the Board is also bound by the provisions of Section 21 of the Regulation, which states in part that:

(a) The amount required for the Universal Service Fund shall be established annually. Said amount shall be sufficient to cover the cost of the following items:

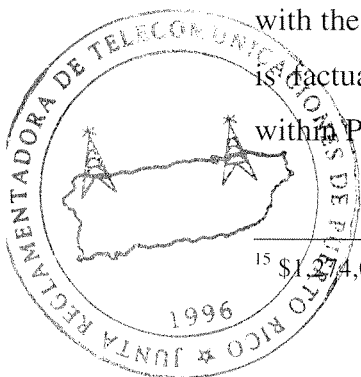
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- (4) The costs related to the Telecommunications Relay Service ("TRS") in which the carrier certified to provide such service in Puerto Rico may have incurred and which have not been obtained from the federal fund.

The Board concludes that the public interest is preserved and advanced through the provision of TRS throughout Puerto Rico. TRS is a means whereby citizens throughout Puerto Rico may communicate via relay to those who are hearing and/or speech impaired. This service provides these individuals with a venue for modern communications that otherwise may be cost prohibitive or unavailable.

Further, the Board concludes that the revisions to the contribution assessment comply with the Puerto Rico Telecommunications Law of 1996 in that the assessment adopted herein is factual, viable, necessary, and uniformly applied over all telecommunications carriers within Puerto Rico.

¹⁵ \$1,274,065.71 (for PRTC) + \$49,379.00 (for Sprint).



A. Projection of TRS Cost

To estimate the costs of TRS for fiscal year 2002, the Board projected TRS cost based on the invoices it received from PRTC during July 2000 to August 2001. This estimate of TRS cost is consistent with the Board’s Regulation for TRS service.¹⁶ The average monthly cost of TRS provided by PRTC during this period was approximately \$95,000. The first month of TRS provided by Sprint was substantially less than this average, but this reduction was due mostly to problems in the conversion and announcement of Sprint’s new TRS access numbers.¹⁷ There is no reason to believe that demand for TRS will not increase to its previous numbers in subsequent months. Accordingly, once the citizens of Puerto Rico learn of and become familiar with the new TRS service provider, the Board estimates that the cost of service will be comparable to the historical experience of PRTC. Absent other facts presented to the Board regarding future TRS costs and demand, the Board concludes that this estimate is reasonable, factual and viable. Assuming that the Sprint cost approximates \$95,000 per month for the nine months from October 2001 to June 2002, an additional \$855,000 will be needed during fiscal year 2002. This estimate, combined with PRTC’s invoices and Sprint’s invoice for TRS already rendered, equals \$2,178,444.71 for fiscal year 2001-2002 TRS direct expenditures.¹⁸

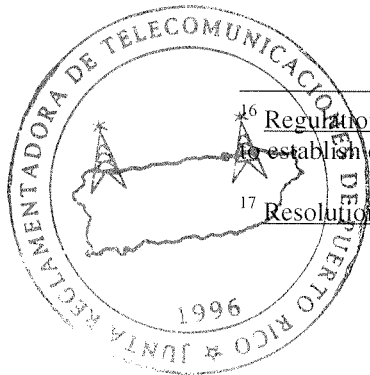
B. Indirect Expenses

The Board also has to calculate indirect expenses that must be paid by the Puerto Rico Universal Service Fund. According to the Administrator’s contract (Contract Number 00-000023), the start-up costs for the Universal Services Fund are \$41,500; the annual administrative costs are \$159,000; and the audit fees are estimated at \$30,000. These administrative fees are for all Puerto Rico Universal Service programs for fiscal year 2001-2002. Therefore, any additional Puerto Rico Universal Service programs established in this fiscal year will not have additional administrative fees.

C. Total Cost

In light of the above, direct and indirect costs for FY 2001-2002 are:

Direct and Indirect Costs	Amount or Cost
Direct Costs: TRS Invoices and Estimate	\$ 2,178,444.71
Indirect Costs: Administrative Fees, Start-up Costs, and Audit Costs	\$ 230,500.00
TOTAL	\$ 2,408,944.71



¹⁶ Regulation, Paragraph 21(a)(4). The use of an economic cost model defined in paragraph 22 is only required to establish contribution amounts for services identified in paragraph 21(a)(1).

¹⁷ Resolution and Order issued on November 21, 2001, case number JRT-2000-SU-0005.

Furthermore, upon the recommendation from the Administrator, when establishing a universal service fund, a contingency of 10 percent of the total fund must be included. The purpose of the contingency is to ensure that if there are any underestimates of expenses or overestimates of revenue, the fund will not become insolvent. In this case, the Board establishes a contingency of \$240,894. Therefore, based on these calculations, funding for fiscal year 2001-2002 will total **\$2,649,838.71**.

D. Projected Intra-island Revenue Base

The next issue addressed by the Board in this order is the projected intra-island revenue for all carriers operating in Puerto Rico. The Board enlisted the assistance of the National Exchange Carrier Association (NECA) in this endeavor. The Board provided NECA with the most recent annual revenue figures filed with the Board in the quarterly Telecommunications Companies Revenues Report. From that list of revenues, NECA determined that the top ten companies by revenue accounted for 97 percent of the total revenues. Using this as a statistically significant sample, NECA made a data request of these ten carriers asking them to report their revenue pursuant to their fiscal year 2000-2001 FCC Form 499-A (the successor to Form 457). NECA then determined that total revenue for these entities for fiscal year 2000-2001 was \$1,142,549,865. Since this amount represents 97 percent of fiscal year 2000-2001 revenues, NECA multiplied this figure by 1.03 to estimate total fiscal year 2000-2001 revenues of \$1,176,826,361. From NECA's experience, it estimated that revenues grew approximately 5% from fiscal year 2000-2001 to fiscal year 2001-2002. It therefore concluded that fiscal year 2001-2002 intra-island revenues will approximate \$1,235,667,679 ($\$1,176,826,361 \times 1.05$) or \$102,972,307 per month.

E. Contribution Assessment

The Board, as expressed in the August 15th Order, believes that in order to support universal service in Puerto Rico and fully fund TRS, it is necessary to reimburse PRTC and Sprint as quickly as feasible for services rendered to date and to collect sufficient funds to be able to reimburse expenses anticipated to be incurred during the remainder of the fiscal year 2001-2002. In order to reimburse promptly both carriers for services already rendered, the Board believes that the contribution schedule should allow for the collection of sufficient funds within the first quarter of fiscal year 2001-2002 to allow for the reimbursement of all amounts presently owed to PRTC and Sprint. Accordingly, the contribution percentage for the first quarter of the fiscal year 2001-2002 must be set to yield PRTC's total invoice amount, Sprint's September invoice amount plus administrative start-up costs and pro-rated administrative expenses. The contribution rate is adjusted for the last three quarters to yield approximately the estimated direct, indirect costs and contingency amount. This leads to the following contribution schedule:

¹⁸ \$1,323,444.71 (for TRS service July 16, 2000 to September 30, 2001)+ \$855,000



Month	Estimated Monthly Contribution Base	Contribution Factor	Estimated Total Contribution	Estimated Sprint Need (TRS)	PRTC payment (TRS)	Estimated Administration Payments	Estimated USF Contingency & Carryover
Jul-01	\$ 102,972,307.00	0.0050	\$ 514,861.54		\$ 415,944.87	\$ 57,250.00	\$ 41,666.67
Aug-01	\$ 102,972,307.00	0.0050	\$ 514,861.54		\$ 457,444.87	\$ 15,750.00	\$ 41,666.67
Sep-01	\$ 102,972,307.00	0.0050	\$ 514,861.54	\$ 49,379.00	\$ 400,675.97	\$ 15,750.00	\$ 49,056.56
Oct-01	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Nov-01	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Dec-01	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Jan-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Feb-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Mar-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Apr-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
May-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Jun-02	\$ 102,972,307.00	0.0012	\$ 123,566.77	\$ 95,000.00		\$ 15,750.00	\$12,816.77
Total			\$ 2,656,685.02	\$ 904,379.00	\$ 1,274,065.71	\$230,500.00	\$ 247,740.81

F. Issues Raised in the Motions for Reconsideration

Having established the annual provisional contribution schedule for fiscal year 2001-2002, the Board will now address the issues raised in the motions to reconsider the August 15th Order and the applicability, if any, of the objections raised in those motions to the annual contribution schedule adopted herein.

i. Sufficiency of Detail Provided

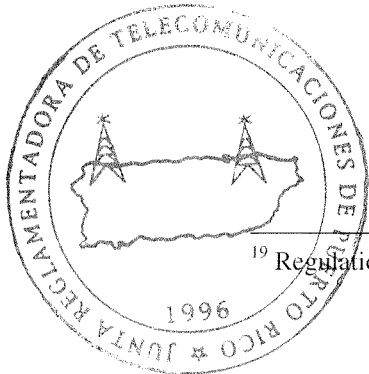
The parties filing motions for reconsideration of the August 15th Order argued that the Board’s calculation of a provisional contribution rate lacked sufficient detail to apprise the parties precisely how the rate was calculated. This Resolution and Order on Reconsideration replaces the provisional contribution rate with an annual contribution schedule. A detailed explanation as to the precise methodology for the calculation of the annual contribution schedule is contained herein.

ii. The Board’s Authority to Set a New or Modified Provisional Rate

This Resolution and Order on Reconsideration reconsiders the decision to set a new or modified provisional rate. The Board plainly has the statutory authority, and indeed is mandated by Law 213, to fix a contribution schedule. The Regulations require that the Board calculate such schedules.¹⁹ Up until fiscal year 2001-2002, the Board had not set an annual contribution factor, because no funding was needed at that time. The Board has now concluded that funding is required and has set an appropriate provisional rate schedule for fiscal year 2001-2002.

iii. Any Modification of the Regulations Would Require Notice and Comment

¹⁹ Regulation at § 21.



Neither the August 15th Order nor this Resolution and Order on Reconsideration are intended to, or in any manner does, amend or modify the Regulation. Rather, this Resolution and Order on Reconsideration sets the contribution schedule pursuant to the Regulation adopted the Board by on January 28, 1998.

iv. Any Adjudication Would Require Adequate Notice to Parties

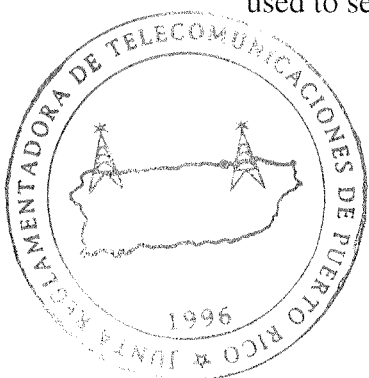
The establishment of the annual contribution rate is not an adjudicative process. Rather, it is the administrative execution of the requirement in the Regulation that the annual amount necessary for the Universal Services Fund be calculated each year. However, even assuming *arguendo* that this implementation of the provisions within the Regulation was itself an adjudication, the Parties have had ample opportunity to be heard. This Order adopted today has taken into account all of the positions set forth by the Parties in their respective motions to reconsider the August 15th Order.

v. Compliance with the Universal Service Regulations

The annual amount necessary for the Universal Service Fund is calculated herein in full compliance with the Board's Regulation. Regulation paragraph 21 requires an annual calculation. That calculation must be sufficient to cover the net cost of universal service provided, less any federal reimbursement. As established herein, the annual contribution calculation is set to cover both the historical TRS costs incurred by PRTC and Sprint as invoiced, and estimates for the remaining portion of this fiscal year. Since there are no revenues or federal reimbursement associated with these costs, no offsets are required.

The Board takes this opportunity to review the requirement to use a forward-looking economic cost model outlined in paragraph 22. The requirement to use an economic cost model is established for services provided in paragraph 21(a)(1). **TRS service is not listed in paragraph 21(a)(1), but in paragraph 21(a)(4). The items excluded from paragraph 21(a)(1) but contained in subparagraphs of paragraph 21(a) are administrative fees, lifeline and linkup support and TRS costs. These items are naturally excluded from a forward-looking economic cost model requirement because administrative costs, low-income support, and TRS costs are not costs that need to be modeled with an economic cost model as defined in paragraph 22 of the Regulation.** In the specific instance of TRS, a carrier who won a competitive bid process is providing this service. The competitive bid process establishes the low cost provider for the service. Therefore, there is no need to "model" the competitive process under paragraph 22 when a competitive bid process was used to select the provider.

vi. The Timing of Payments to PRTC for TRS Already Rendered



PRTC sought reconsideration of the provision of the Order that provided that, while PRTC would be reimbursed as quickly as feasible, payments would begin to be made to Sprint while amounts were still owed to PRTC. Pursuant to the Order, PRTC would not be paid in full until the end of fiscal year 2002. Nevertheless, this Resolution and Order on Reconsideration amends the Order and orders the collection of sufficient funds to pay PRTC in full as soon as the contributions for the first quarter of the fiscal year are collected. These contributions will be due thirty days (30-days) following the issuance of this Resolution and Order on Reconsideration. Accordingly, this Resolution and Order on Reconsideration resolves PRTC's concern about further delay for payment of services it has provided.

vii. PRTC's Compliance with the July 26, 2000 Resolution and Order

The above contribution schedule and plan for disbursements from the Puerto Rico Universal Service Fund is premised on the explicit finding herein that PRTC has submitted each of its invoices from AT&T for TRS to the Board in a timely manner and is in substantial compliance with the Resolution and Order issued on July 26, 2000.

viii. The Annual Contribution as Calculated to Avoid Overpayments

TLD asked for reconsideration of the 0.5 percent provisional contribution rate based on the fact that should the provisional rate turn out to be excessive, they would have suffered substantial harm as the result of having made overpayments to the Universal Services Fund. The annual schedule as calculated herein will result in a 0.5 percent contribution rate for only three months. After that, the contribution rate falls dramatically to 0.12 percent. The higher rate during the initial three months will not result in any overpayments to the Universal Services Fund. Rather, that rate is set to fund reimbursement for historical costs incurred to date, not to cover estimates of future expenditures. Any overpayment will be credited to the following months.

V. Order

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

After considering the motions on reconsideration filed by the parties in this case, the Board reconsidered its Resolution and Order of August 15, 2001, and orders as follows:

The contribution rate is calculated as follows: 0.5 percent of intra-island telecommunications carrier revenues for the first three months of the fiscal year 2001-2002 and 0.12 percent of intra-island revenues thereafter, until such time when the Board fixes a permanent contribution factor.

All companies that have not complied in full or in part with the Resolution and Order issued on August 15, 2001, which required the payment to the Universal Service Fund beginning on July 1, 2001, are hereby ordered to pay the outstanding contributions within 30 days from the date of this Resolution and Order on Reconsideration.

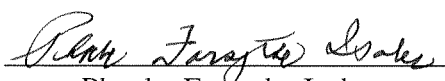


According to the dispositions of the Puerto Rico Telecommunications Act of 1996 (Act No. 213 of September 12, 1996) and of Section 4.2 of the Uniform Administrative Procedure Act (Act No. 170 of August 12, 1988, as amended), a party adversely affected by a final order or resolution of the Board, and who has exhausted all of the remedies provided by the Board, may present a petition for review before the Circuit Court of Appeals of Puerto Rico, within a term of thirty (30) days counting from the date the copy of the notice of the Board's final order or resolution is filed. The party shall notify the Board and all the parties of the filing of the petition for review within the term to request such review. The notice may be sent by mail. The aforementioned dispositions also apply in those situations in which the Federal Communications Act confers jurisdiction to the Federal Communications Commission or the Federal District Court for the District of Puerto Rico.

H. Notice

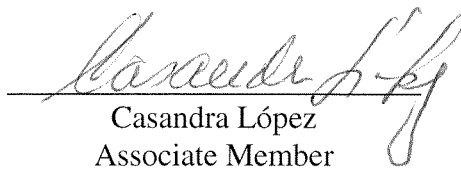
The present administrative order shall be notified to all telecommunication companies, and to NECA, Robert F. Knoble, 80 South Jefferson Rd., Whippany, NJ 07981.

So the Board approved it on December 5, 2001.


Phoebe Forsythe Isales
President


Vicente Aguirre Iturrino
Associate Member




Casandra López
Associate Member

CERTIFICATE OF SERVICE

I hereby CERTIFY that the foregoing document is a true and exact copy of the Resolution and Order approved by the Board on December 5, 2001. I further CERTIFY that today, December 14, 2001, I mailed a copy of the Resolution and Order on Reconsideration to the parties' representatives of record, as listed in the table that follows; and I have proceeded to file the instant order.

COMPañIA	REPRESENTANTE	DIRECCIÓN	
ADVANCE BEEPERS	IVAN B. SANTOS	PO BOX 1955	CAROLINA, PUERTO RICO 009840000
ADVANCED CELLULAR SYSTEMS	CESAR NEGRETTE MUÑIZ	PO BOX 367247	SAN JUAN, PR 009360000
AIBONITO TELEPHONE SERVICES	HECTOR I. FUENTES COLÓN	CALLE SAN JOSÉ #53	AIBONITO, PR 00705
AIRWAYS, INC.	HENRY BARREDA	EDIFICIO E-1, ROYAL INDUSTRIAL PARK, BO. PALMAS	CATANO, PUERTO RICO 009620000
AMTEL DE PUERTO RICO	CARLOS BRAVO	EDIFICIO LA ELECTRONICA, BORI 1608, SUITE 201-E	SAN JUAN, PUERTO RICO 009270000
ANGELES CELLULAR	ALFONSO RIVERA	APARTADO 1603	LARES, PR 00669
ATECI	ANDRÉS CENTONZIO	PO BOX 878	BAYAMON, PUERTO RICO 009600878
BEEP 4U, INC.	RICARDO RODRIGUEZ	PO BOX 2118	SAN JUAN, PUERTO RICO 009222118
BEEP CELLULAR / BEE CELLULAR	ELIZABETH GARCÍA CARABALLO	PO BOX 297	CAGUAS, PUERTO RICO 007260297
BEEP ON TIME	ANGEL ALBERT	VIA LUCIA 4 MS-7, VILLA FONTANA	CAROLINA, PUERTO RICO 009830000
BEEPER CELLULAR PLUS	EVELYN MONTALVO	331-A, CARR. #2 SANTANA	ARECIBO, PR 00612
BEEPER CITY	MARCO RIVERA	400 CESAR GONZALEZ # 236	HATO REY, PUERTO RICO 009370000
BEEPER CONNECTION		PO BOX 37940	SAN JUAN, PUERTO RICO 009370000
BEEPER EXPRESS DE P.R. INC.	HECTOR L. DE JESÚS	PO BOX 2130	GUAYAMA, PUERTO RICO 00785
BEEPER ONE	JOSÉ J. DIAZ	PO BOX 374	JUNCOS, PR 00777
BEEPER PLANET	ANGEL RIVERA	COND. PARQUE CENTRAL #219, CALLE DEL PARQUE, APTO. 1503	SANTURCE, PR 00911
BEEPER STATION (JAFAR COMMUNICATIONS GROUP)	ANGEL RIVERA	SUITE 181, PO BOX 70171	SAN JUAN, PR 009368171
BEEPER TO GO	ALFREDO MÉNDEZ	MSC #383,#5B AVE. ESMERALDA	GUAYNABO, PUERTO RIC 009690000
BEEPERLARES	PEDRO ALICEA	BUZON 6662	CIDRA, PUERTO RICO 006390000
BEEPERS & CELLULAR CENTER	ARNALDO DIAZ Y/O LISSETTE MORELL	URB. LIRIOS, CALLE BEGONIA#220	JUNCOS, PUERTO RICO 007770000
BEEPERS DEL OESTE	JOSÉ L. TORRES	PO BOX 7000, SUITE 097	SAN SEBASTIAN, PUERTO 006850000
BEEPERSONAL	HÉCTOR H. RIVERA	AVE. FONT MARTELO, #215	HUMACAO, PUERTO RICO 007910000
BORI CUBA BEEPERS	OSVALDO CANINO	CALLE RAFAEL LOSA #43	AGUAS BUENAS, PUERTO 007030000
C & C COMMUNICATIONS		PO BOX 228	MOROVIS, PUERTO RICO 0
CAGUAS CELLULAR SYSTEMS	FÉLIX A. PADRÓ	PO BOX 1930	CAGUAS, PUERTO RICO 007261930
CALL US	SOL BRAVMAN	PO BOX 361661	SAN JUAN, PUERTO RICO 009361661
CANASTO BEEPER	VÍCTOR CANDELARIO	CALLE PARIS 243, SUITE1861	SAN JUAN, PUERTO RICO 009170000
CELLU-BEEP, INC.	PEDRO ACOSTA	PO BOX 29855	SAN JUAN, PUERTO RICO 009290855
CELLULAND	RAULO O. ESCALERA	PO BOX 7668	PONCE, PUERTO RICO 007827668
CELLULAR PRO	HÉCTOR L. RÍOS ORTIZ	P.O. BOX 286 BARRANQUITAS PR 00794	BARRANQUITAS, PR
CELLULAR TECH, INC.	YAZMÍN FERNÁNDEZ	AVE. ROBERTO CLEMENTE, BLQ.33-1 VILLA CAROLINA	CAROLINA, PUERTO RICO 009850000
CELLULAR WORLD	RONALD SCHMINKY	CALLE MARGINAL C-3, HIGHLAND GARDENS	GUAYNABO, PUERTO RIC 009690000
CELLUMASTER	LUIS A. REYES	PO BOX 607071, SUITE 123	BAYAMON, PUERTO RICO 009607071
CELULARES DEL OESTE	EDUARDO M. COLON AYALA	834 AVE. EMERITO ESTRADA RIVERA	SAN SEBASTIAN, PUERTO 006850000
CENTENNIAL PUERTO RICO LICENSE CORP.	LCDO. JORGE BAUERMEISTER	PO BOX 71514	SAN JUAN, PUERTO RICO 009368614
CENTER COMMUNICATION	ISABEL LÓPEZ	RR-3 BOX 9035,	TOA ALTA, P.R. 00953
CENTRO BEEPER	JOSÉ E. RIVERA	PO BOX 142	OROCOVIS, PUERTO RICO 007200000
CENTRO CELLULAR, INC.	HÉCTOR D. RÍOS ORTIZ	PO BOX 403	BARRANQUITAS, PUERTO RICO 007940000

